

SUPPLEMENTAL NOTICE OF FINAL AGENCY ACTION

SUBJECT: MassHealth: Supplemental Medicaid Rate Payment for Acute Hospitals with High Medicaid Discharges, dated June 30, 2008

AGENCIES: Massachusetts Executive Office of Health and Human Services, Office of Medicaid

INTRODUCTION

The following describes and summarizes changes to the MassHealth supplemental rate payment methodology for inpatient services provided by in-state acute hospitals. A complete description of the rate year 2008 (RY2008) MassHealth acute hospital inpatient and outpatient payment methods and rates are available at www.mass.gov/masshealth (click on the link to “MassHealth Regulations and Other Publications” and the link to “Special Notices for Hospitals”). For further information regarding RY2008 payment methods and rates, you may contact Kiki Feldmar at the Executive Office of Health and Human Services, Office of Acute and Ambulatory Care, 600 Washington Street, 6th Floor, Boston MA, 02111.

DESCRIPTION OF THE PAYMENT METHOD

Supplemental Medicaid Rate Payments for Acute Hospitals with High Medicaid Discharges

EOHHS makes supplemental payments to certain qualifying hospitals. Supplemental payments are currently made to hospitals that qualify as Public Service Hospitals, Essential MassHealth Hospitals, Acute Hospitals with High Medicaid Discharges, High Public Payer Hospitals, Pediatric Specialty Hospitals and Hospitals with Pediatric Specialty Units, and safety net hospitals that qualify for payment pursuant to Section 122 of Chapter 58 of the Acts of 2006.

Effective October 1, 2006, to conform with the Center for Medicare and Medicaid Services approval of the High Medicaid Discharges methodology for inpatient services, EOHHS will change the methodology for existing payments for inpatient services to acute hospitals that have High Medicaid discharges. To be eligible, an acute Hospital must have more than 2.7% of the statewide share of Medicaid discharges as determined by dividing each Hospital's total Medicaid discharges as reported on the hospital's most recent HCF-403 cost report, by the total statewide Medicaid discharges for all Hospitals.

The payment amount for inpatient services will be the lower of (1) the variance between a hospital's inpatient and outpatient Medicaid payments and charges, or (2) a hospital's Health Safety Net Trust Fund-funded payment amount.

JUSTIFICATION

EOHHS is establishing this payment method to provide the authority to claim additional federal reimbursement for Health Safety Net Trust Fund expenditures under the MassHealth State Plan. This new method will not result in any change in payment amounts to hospitals. The proposed change to hospital payment rates and methods is in accordance with state and federal law and within the range of reasonable payment levels to acute hospitals.

GENERAL INFORMATION

There is no aggregate increase or decrease in annual payments to hospitals, or in federal reimbursement under this proposed change.

Statutory Authority: M.G.L. ch.118G; M.G.L. ch.118E; St. 2006, ch.58; St. 2007, ch.61; 42 USC 1396a; 42 USC 1396b; 42 USC 1315.

Related Regulations: 130 CMR 410, 415, 450; 114.6 CMR 14.00; 42 CFR Part 447.